

Change Management and Leadership

The Amazing Case of *Poste Italiane*

On the 27th of November Global Governance students had the chance to meet with Mr. Corrado Passera, a great personality from the Italian managerial and entrepreneurial world. Banker and manager, business executive in various sectors and, above all, ex-minister for the Economic development, infrastructure and transport in Mario Monti's Cabinet, Mr. Passera met with the students on the issue of "***Change Management and Leadership***" in wide and complex organisation. On this topic, whose crucial point was on how to transform and innovate a broad organisation with multiple levels of dynamics and interactions, Mr. Passera handed over his experience with *Poste Italiane*.



In 1998 Passera was appointed to become managing director of the Italian postal system. At that time, as Mr. Passera said himself, *Poste Italiane* was considered a "non-future kind of organisation". Nothing was positive about it: it was not functioning, as it was not delivering his job properly, plus there were great losses and the organisation was stuck into an old bureaucratic model. On the edge of liquidation, it perfectly fitted the negative image of a "non functioning Italy".

It was under Passera's direction that *Poste Italiane* was restructured and relaunched, our interest relied exactly on this process. How did he proceed? What did he decide to restructure, facing which consequences and new problematics?

Being a CEO, Passera said, means to understand. It means to understand what stands in front of you, with what kind of resource you are working with. When appointed for the leading of *Poste Italiane*, Passera preceded by comparison. He visited the best performing post-offices in Europe so to learn and understand what differed and lacked in the Italian postal system, its clear flaws and what had to be bettered. One major aspect Mr. Passera immediately recognised was bureaucracy. That working system had to be given away. At the same time he knew that change management does not only happen from above, it happens from below too: change management has also to do with identities, for it is a cultural change too; Mr. Passera knew *Poste Italiane* had a strong identity.

Now, knowing which direction he wanted to take at the lead of *Poste Italiane*, Mr. Passera tried to put up the best team he could work with. Its objective: to change "culture" from bureaucracy to company, from affiliation based management to meritocracy.

As change management is both an organisational and cultural transformation, Mr. Passera invested a lot in *Poste Italiane* huge human resource and capacity. Training was the key element, so to modernise not only its structure but also what was inside the organisation.

It did not take much for results to come. Mr. Passera woke up one day to this newspaper title: "Miracle at the Post Office".

At the same time some matters remained unsolved, questions that regarded both the organisation itself and the general Italian working environment.

In Poste Italiane there was a major standing issue, and that was the size of the organisation. With 3 thousand people employed there was a significant need for reduction and cut, as the organisation's size was affecting its performance, costs and productivity. For Mr. Passera this passage was one of the hardest moments at the lead of *Poste Italiane*. Worker's reaction was huge. Trade Unions called for 30 days strike to question Passera's decision, preventing him from doing his job. *Poste Italiane* CEO stood on his position, he waited for the whole month to end and, at the end of it, he signed a plan in accordance with trade unions.

The other problem that Passera had to face was the resistance from outside the company, both from local politicians and suppliers of Poste Italiane. Politicians were acting as shareholders of the company, using it for their personal interests, while suppliers started to offer cheaper offers to the company when they realized that Passera was reviewing the supply chain of Poste Italiane, which was a clear evidence of their bad faith during the previous administrations. Passera said that these harsh situations could happen easily when you are the chief of a company, but that a good leader must be prepared to face them without compromising with the rottenness that is affecting the Italian working environment. Mr. Passera explained three main objectives that you need to achieve in order to give a kick-start to your "new" company: Communication played a major role in Poste Italiane, both internal and external one, helping the new administration to change the mindsets about the company, this all joined with a strong team work based on shared knowledge and shared goals. In order to implement these first two objectives, Passera organised meetings each month with the directors of the post offices, and send letters to each employee each month, in which he explained the achievements, the future goals. Another important communicational achievement was that of using external advertisement to rebuild a sense of pride in his employees and also to spread the sense of change within customers.

The third and most difficult objective if you want to change a stagnant situation is execution and implementation: the main mantra that a good leader has to follow is to respect commitments, also in the littlest detail, for example Mr. Passera visited several post offices and stayed there as an employee, trying to understand what changes were needed, which increased the employees' trust in the headquarters.

Then Mr. Passera analysed the main qualities that a CEO needs and those are a strong sense of respect for rules because if you want your employees to follow them you, you have to be the example. Moreover, as a leader, you have to be creative in your work, anticipating changes and pushing diversification, which counterbalance the complexity typical of big companies. Furthermore, you have to take responsibility for your actions, accepting a possible failure, and not being afraid to lose your face even if you are taking a risky but needed decision. Finally yet importantly, a true leader has no fear of competition, hence he

create and help new leaders, sharing with them his/her knowledge and giving them the possibility to gain their own spot in the environment they are working in.

Elisa Felici and Ludovica Vallati